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WATEREUSE
ASSOCIATION OF CALIFORNIA

September 22, 1999

Mr. Lester Snow
Executive Director
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

WateReuse Association Comments on June 1999
Programmatic EIS/EIR for the CALFED Bay-Delta Program

Dear Lester:

This letter contains the comments of the WateReuse Association on the Revised Phase II Report for the CALFED Bay-Delta Program, Water Use Efficiency Program Plan, Implementation Plan and the Draft Programmatic EIS/EIR for the CALFED Bay-Delta Program.

Revised Phase II Report

The discussion at the bottom of 19 of the Revised Phase II Report regarding the potential for water management activities to result in an increased supply of a junior right holder is overly simplistic and ignores the provisions of Sections 1010 and 1011 of the Water Code. In an effort to encourage water recycling and water conservation, the Legislature established that an existing water rights shall not lapse, be lost, or be reduced where recycled water is used or water conserved in lieu of water appropriated (Cal. Water Code Sections 1010(a)(2), 1011(a), 13551, 13552.4(a)(2), 13552.8(a)(2) and 13554(a)(2)). Further, water that has been conserved or is no longer required as a result of the use of recycled water may be sold, leased, exchanged or otherwise transferred by the water rights holder pursuant to any provision of law relating to the transfer of water (Cal. Water Code Sections 1010(b) and 1011(b)).

The discussion at the bottom of page 35 of the Revised Phase II Report lists the potential benefits of water use efficiency measures, including water recycling, and establishes the relationship between the Water Use Efficiency Program and other program elements. Benefits cited include reducing the mismatch between supply and demand and the potential to reduce the diversion of water from the Bay-Delta system which will improve streamflow and reduce the entrainment of fish. However, CALFED has not attempted to

quantify the benefits resulting from the potential water use efficiency measures. These benefits should be quantified, as such an analysis would be useful in determining the appropriate level of state/federal support for water recycling and other water use efficiency measures.

On page 56 it is stated that the Economic Evaluation of Water Management Alternatives coupled with other descriptions of the opportunities, limitations, and interrelations of the tools will provide information on the relative effectiveness of the various components of the water management strategy. Please describe CALFED's plan for evaluating the opportunities, limitations, interrelations and relative effectiveness of water recycling as a component of the water management strategy.

On page 58 it is stated that urban areas have a very high potential for reuse, on the order of 1-2 mafy. CALFED should conduct a study to confirm the estimated water recycling potential with and without the CALFED solution and the level and type of financial incentives needed. The study should also look at the long-term viability of the water recylcing programs from a water quality (salinity) perspective. The study would be useful in helping CALFED refine its water recycling projections and develop effective incentive programs. Agricultural areas may also have a very high potential for reuse, further consideration should be given to encouraging the use of recycled water in the agriculture sector. Additionally, consideration should be given to the potential to use recycled water for wetlands restoration and enhancement, stream augmentation and for the purpose of meeting a portion of Delta outflow requirements.

On page 67 it is stated that as a result of the proposed substantial investment in agricultural and urban water use efficiency programs, CALFED estimates that up to 2.6 mafy could be recovered from water are now irrecoverable losses. The savings potential cited is for the year 2020, however, only the Stage 1 implementation cost estimates have been included in the Revised Phase II Report. What is the estimated state and federal cost to achieve the total water conservation and water recycling savings shown on page 68?

On page 69, stated water recycling actions include: expand state and federal recycling programs in order to provide sharply increased levels of planning, technical, and financing assistance (both loans and grants), develop new ways for providing assistance in the most effective manner, and provide regional planning assistance that can increase opportunities for use of recycled water. On pages 121-124, specific Stage 1 actions are proposed for the Water Use Efficiency Program, including:

> Task 3b. Expand state and federal programs (DWR, USBR, USFWS, DFG, DHS, and SWRCB) to provide technical and planning assistance in support of conservation and water recycling programs.
>
> Task 9. Resolve legal, institutional and funding limitations for agricultural and urban water recycling (yr1-3). Secure loan and/or grant funding for water recycling capital improvement projects ($500 million initial Stage 1 estimate).

Please identify which of the agencies identified in task 3b will be responsible for development and implementation of the various task 3b actions, number and type of staff involved, source of the funding for staff and other resources, schedule for development of work plans, opportunities for stakeholder participation in work plan development and implementation schedule. Please identify which agencies will be responsible for development and implementation of the various task 9 actions, number and type of staff involved, source of the funding for staff and other resources, schedule for development of work plans, opportunities for stakeholder participation in work plan development and implementation schedule.

On page 126 and several other locations in the Revised Phase II Report, it is stated that new groundwater and/or surface storage will be developed and constructed, together with aggressive implementation of water conservation, recycling and a protective water transfer market, as appropriate to meet CALFED program goals. Please define what is meant by "aggressive implementation of water ... recycling" within the context of this statement.

On pages 104-105 it is stated that the Water Use Efficiency Program has identified potential recovery of currently irrecoverable water losses of over 1.4 maf of water annually by 2020 as a result of CALFED actions. It is further stated that before execution of the Record of Decision, CALFED will identify measurable goals and objectives for its urban and agricultural water conservation program, water reclamation programs and managed wetlands programs. Please describe the approach that will be used to identify measurable goals and objectives for the water reclamation programs and the opportunities for stakeholder involvement in the development of these goals and objectives.

Draft Water Use Efficiency Program Plan

WateReuse supports the proposal on page 2-9 of the Draft Water Use Efficiency Appendix to expand CALFED agency assistance with feasibility planning with region-scale recycling projects. Moreover, WateReuse supports the recommendation that CALFED's feasibility planning assistance will include identifying and encouraging opportunities for water suppliers and wastewater utilities to partner in regional projects that provide opportunities to: transfer recycled water from areas of excess supply to areas of excess demand, identify regional recycled water seasonal storage opportunities, and investigate regional brine line feasibility.

On page 2-9 of the Draft Water Use Efficiency Program Plan, CALFED has proposed working with various stakeholders, including WateReuse, to investigate alternative approaches for providing financial assistance and develop a CALFED water recycling incentive program. Please be advised that some of our members administer programs for providing financial support for recycled water projects that may provide models for a statewide incentive program. We look forward to working with CALFED to develop an incentive program that efficiently and effectively serve the objectives and time line of the CALFED Program.

CALFED's recycling estimates presented on page 6-14 and 6-15 of the Draft Water Use Efficiency Program Plan are very optimistic. While, the no action recycling assumptions in the Plan have been lowered by 400,000 af over the previous DEIS/EIR, to a total potential of about 2.0 maf, this Plan assumes that two-thirds of the 2020 wastewater flows can be recycled. To reach this level would require massive storage for reclaimed water in order for otherwise unusable excess winter flows to then have the water available for warmer season irrigation uses. A more realistic upper limit for the 2020 recycling potential based upon current planning and experience reflecting available uses which can cost-effectively receive recycled water is 1.5 maf, or 1.0 maf of new recycled water supply development over the next 20 years. Development of an additional 1.0 maf by 2020 would require construction of 50,000 af of new capacity every year for the next 20 years. This is approximately the level of construction that occurred in 1995, a period when three major water recycling projects, City of San Diego, West Basin MWD and City of San Jose, were simultaneously under construction. The San Diego and San Jose projects were driven by rather unique regulatory circumstances and all three projects received extensive external financing. To maintain 50,000 afy of recycled water development on a sustained basis will require significant financial and technical assistance, complex institutional arrangements and substantial policy incentives.

Page. P-12, first paragraph, "Developing Assurances and Incentives for Water Recycling". The blanket statement concerning recycled water project difficulties is overly broad. Many projects have been found to be competitive in capital costs and do not require overcoming significant permitting or institutional impediments. However, at the projected levels of recycling posed by CALFED it is certain that many difficult implementation issues will arise. The BARWRP Recycling Master Plan has found recycling to have some advantages over other traditional water supply projects in areas of timing and environmental benefits.

Page P-15, last bullet Preface to Water Use Efficiency Program Plan – Reference to projected CALFED potential estimates being just shy of 1.0 MAF of incremental recycling beyond existing levels does not agree with Figure 6-2 Increments of Existing and Anticipated Recycling located on page 6-13.

Page 2-9, section 2.2.4, first paragraph. Delete "title 22 of State Health and Safety Code" and insert "Title 22, Division 4, Chapter 3, of the California Code of Regulations"

Page 2-9, section 2.2.4, last paragraph, With respect to the reference to the Urban Water Management Act Water Code Section mandating a water recycling feasibility study, delete "10631" and insert "10633."

Page 6-2: There is no analysis of water quality and ecosystem benefits resulting from water recycling. These should be analyzed and quantified to the extent possible, as such benefits may be critical in determining the appropriate level of state/federal support for recycling efforts.

Page 6-3 last paragraph: CALFED needs to complete an analysis of ecosystem restoration and water quality objectives, and the potential for Central Valley improvements through water recycling to determine maximum potential benefit.

Page 6-10: Incorrectly refers to the San Diego indirect potable reuse project as being in progress. This project has been canceled due to reactions to public acceptance issues of allowing recycled water into the potable supply.

Draft Implementation Plan

Many of the issues/questions raised in the Water Use Efficiency Program (WUEP) section of the Finance Plan concern the appropriateness of providing public funding for water conservation and recycling projects. We disagree with the suggestion that the public benefits from WUEP materialize only in those cases when the measures improve Delta water quality or produce water that is dedicated to the ecosystem. Urban water conservation and recycling projects provide significant public benefits. Through conservation and recycling, urban agencies have substantially reduced their total water demands. The Metropolitan Water District estimates that its member agencies save more than 700,000 acre-feet of water annually through conservation and recycling programs. As a result, Southern California's current demand for Delta water is 700,000 acre-feet lower than it would otherwise have been. Clearly, these water use efficiency efforts might not result in additional flows to the Delta in all years they always help reduce conflicts in the Delta system and thus provide a substantial public benefit.

Three of the four options proposed for funding WUEP measures would limit public funding, either entirely or to a great extent, to those projects that improve water quality or produce water for the environment. In the past, CALFED has pointed to the WUEP as evidence of its commitment to improve supply reliability for all water users. The Phase 2 Report suggests that CALFED could provide as much as $700 million for water recycling and urban conservation efforts in Stage 1. Nowhere in the Phase 2 Report is it stated that public funding would be largely limited to those projects that improve conditions for the Bay-Delta ecosystem. Many urban agencies have come to view increased financial assistance for WUEP measures as the only benefit of the CALFED Program to their rate-payers. Without such funding assistance, coupled with lack of assurances on water supply and an insufficient strategy to meet drinking water goals leaves little reason to continue to support the Program.

We are also concerned that the proposed funding options will be ineffective in helping CALFED reach its very ambitious water conservation and recycling goals. The draft EIS/R projects that CALFED could, through its WUEP actions, more than double the amount of urban conservation and recycling than would otherwise occur. Achieving this goal -- if indeed it can be achieved -- will require the implementation of water conservation and recycling measures that are not locally cost-effective. The funding options proposed on pages 118-119 of the draft Finance Plan would not, except in a few

isolated cases, provide urban agencies incentives to implement these more expensive projects.

Page 118: Additional thought needs to be given to the Water Use Efficiency Program cost share options outlined on pages 118 and 119 to ensure compatibility with CALFED's goals and objectives for the Water Use Efficiency Program. CALFED should consider working with WateReuse and other stakeholders on cost sharing options that provide a practicable means of supporting local agencies that are in a position to implement water conservation and water recycling projects.

Page 119 Issues/Questions, first bullet. The SWRCB provides low-interest loans from the SRF and Water Recycling Loan Program for water recycling projects, not water conservation. The SWRCB will only fund those projects that are locally cost-effective, e.g., producing the least costly source of water supply available to the utility. If the recycled water is more costly than the next increment of supply available to the utility from the Delta, than the water recycling project will not be eligible for funding.

Draft EIS/EIR

Page 5.1-20, top paragraph: The document states the Program is performing economic assessments to identify cost-effective combinations of strategies (i.e. conservation, recycling, etc.) that meet the Program's water supply reliability objectives. This study and its outcome are vital to determining the level of implementation afforded under the Program. The EIR/EIS needs to include these assessments and further information related to the outcome of the study being performed before a final determination can be made.

WateReuse appreciates the opportunity to provide input on the CALFED Bay-Delta Program. We look forward to working with CALFED to develop specific actions to support the water recycling element of the Water Use Efficiency Program.

Sincerely,

Peter MacLaggan
Executive Director